

House Study Bill 718

HOUSE FILE _____
BY (PROPOSED COMMITTEE ON
WAYS AND MEANS BILL BY
CHAIRPERSON VAN FOSSEN)

Passed House, Date _____ Passed Senate, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to property taxation by establishing a maximum
2 property tax dollars limitation for counties and cities,
3 repealing the square footage tax, and creating a state tax
4 implementation committee to study local and state sources of
5 revenue, and including effective and applicability date
6 provisions.

7 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

8 TLSB 6911YC 80

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1 1 DIVISION I
1 2 MAXIMUM PROPERTY TAX DOLLARS
1 3 Section 1. Section 331.423, Code 2003, is amended by
1 4 striking the section and inserting in lieu thereof the
1 5 following:
1 6 331.423 PROPERTY TAX DOLLARS == MAXIMUMS.
1 7 1. Annually, the board shall determine separate property
1 8 tax levy limits to pay for general county services and rural
1 9 county services in accordance with this section. The property
1 10 tax levies separately certified for general county services
1 11 and rural county services in accordance with section 331.434
1 12 shall not exceed the amount determined under this section.
1 13 2. For purposes of this section and sections 331.423A and
1 14 331.423B:
1 15 a. "Annual price index" means the sum of one plus the
1 16 change, computed to four decimal places, between the
1 17 preliminary price index for the third quarter of the calendar
1 18 year preceding the calendar year in which the budget year
1 19 starts and the revised price index for the third quarter of
1 20 the previous calendar year as published in the same issue in
1 21 which such preliminary price index is first published. The
1 22 price index used shall be the state and local government
1 23 chain-type price index used in the quantity and price indexes
1 24 for gross domestic product as published by the United States
1 25 department of commerce. The annual price index shall not be
1 26 less than one and shall not exceed one and four hundredths.
1 27 b. "Boundary adjustment" means annexation, severance,
1 28 incorporation, or discontinuance as those terms are defined in
1 29 section 368.1.
1 30 c. "Budget year" is the fiscal year beginning during the
1 31 calendar year in which a budget is first certified.
1 32 d. "Current fiscal year" is the fiscal year ending during
1 33 the calendar year in which a budget is certified.
1 34 e. "Local sales and services taxes" means local sales and
1 35 services taxes imposed under the authority of chapter 422B or
2 1 a successor chapter.
2 2 f. "Net new valuation taxes" means the amount of property
2 3 tax dollars equal to the budget year's tentative maximum
2 4 general rate for purposes of the general fund, or the budget
2 5 year's tentative maximum rural rate for purposes of the rural
2 6 services fund, times the increase from the current fiscal year
2 7 in taxable valuation due to the following:
2 8 (1) Net new construction excluding all incremental
2 9 valuation that is released in any one year from an urban
2 10 renewal area for which taxes are being divided under section
2 11 403.19 if the property remains part of the urban renewal area.
2 12 (2) Additions or improvements to existing structures.
2 13 (3) Remodeling of existing structures for which a building
2 14 permit is required.
2 15 (4) Net boundary adjustment.
2 16 (5) A municipality no longer dividing tax revenues in an
2 17 urban renewal area as provided in section 403.19, to the
2 18 extent that the incremental valuation released is due to new
2 19 construction or revaluation on property newly constructed

2 20 after the division of revenue begins.

2 21 (6) That portion of taxable property located in an urban
2 22 revitalization area on which an exemption was allowed and such
2 23 exemption has expired.

2 24 g. "Property tax replacement dollars" means revenues
2 25 received under chapter 437A, subchapter II, revenues received
2 26 under section 99F.11 that are specifically designated by the
2 27 county for property tax relief in the current fiscal year, and
2 28 amounts appropriated by the general assembly for property tax
2 29 relief first enacted for fiscal years beginning on or after
2 30 July 1, 2004.

2 31 h. "Tentative maximum general rate" means the amount
2 32 calculated in subsection 3, paragraph "b", subparagraph (1),
2 33 divided by the net taxable valuation in the county. For
2 34 purposes of this paragraph, "net taxable valuation" is the
2 35 amount of taxable valuation in the county minus the amount of
3 1 taxable valuation in the county used to calculate net new
3 2 valuation taxes.

3 3 i. "Tentative maximum rural rate" means the amount
3 4 calculated in subsection 3, paragraph "c", subparagraph (1),
3 5 divided by the net taxable valuation in the unincorporated
3 6 area of the county. For purposes of this paragraph, "net
3 7 taxable valuation" is the amount of taxable valuation in the
3 8 unincorporated area of the county minus the amount of taxable
3 9 valuation in the unincorporated area of the county used to
3 10 calculate net new valuation taxes.

3 11 j. "Unused taxing authority" means the maximum amount of
3 12 property tax dollars calculated under subsection 3 for a
3 13 fiscal year minus the amount actually levied under this
3 14 section in that fiscal year. Unused taxing authority may be
3 15 carried forward to the following fiscal year. However, the
3 16 amount of unused taxing authority which may be carried forward
3 17 shall not exceed twenty-five percent of the maximum amount of
3 18 property tax dollars available in the current fiscal year as
3 19 determined under this section.

3 20 3. a. Effective for and after the fiscal year beginning
3 21 July 1, 2005, the maximum amount of property tax dollars which
3 22 may be certified for levy by a county for general county
3 23 services and rural county services shall be the tentative
3 24 maximum property tax dollars calculated under paragraphs "b"
3 25 and "c", respectively, and adjusted by the amounts in
3 26 paragraphs "d", "e", and "f".

3 27 b. The tentative maximum property tax dollars for general
3 28 county services for a budget year is an amount equal to the
3 29 sum of the following:

3 30 (1) The annual price index times the difference between
3 31 the current fiscal year's tentative maximum property tax
3 32 dollars for general county services minus the unused taxing
3 33 authority carried forward from the fiscal year preceding the
3 34 current fiscal year.

3 35 (2) The amount of net new valuation taxes.

4 1 (3) The amount of unused taxing authority carried forward
4 2 from the current fiscal year.

4 3 c. The tentative maximum property tax dollars for rural
4 4 county services is an amount equal to the sum of the
4 5 following:

4 6 (1) The annual price index times the difference between
4 7 the current fiscal year's tentative maximum property tax
4 8 dollars for rural county services minus the unused taxing
4 9 authority carried forward from the fiscal year preceding the
4 10 current fiscal year.

4 11 (2) The amount of net new valuation taxes.

4 12 (3) The amount of unused taxing authority carried forward
4 13 from the current fiscal year.

4 14 d. Subtract the amount of property tax replacement dollars
4 15 to be received for the budget year that will be deposited in
4 16 the general fund or the rural services fund, as applicable.

4 17 e. Subtract the amount of local sales and services taxes
4 18 for property tax relief estimated by the department of revenue
4 19 to be received for the budget year that will be deposited in
4 20 the general fund or the rural services fund, as applicable.

4 21 f. Subtract the amount of local sales and services taxes
4 22 received for property tax relief in the fiscal year preceding
4 23 the current fiscal year for the county general fund and rural
4 24 services fund, and add the amount of local sales and services
4 25 taxes that was budgeted for property tax relief for each of
4 26 those funds in that fiscal year.

4 27 4. Property taxes certified for deposit in the mental
4 28 health, mental retardation, and developmental disabilities
4 29 services fund in section 331.424A, the cemetery fund in
4 30 section 331.424B, the emergency services fund in section

4 31 331.424C, the county supplemental fund in section 331.425, and
4 32 the debt service fund in section 331.430, any capital projects
4 33 fund established by the county for deposit of bond, loan, or
4 34 note proceeds, and any temporary increase approved pursuant to
4 35 section 331.424, are not counted against the maximum amount of
5 1 property tax dollars that may be certified for a budget year
5 2 under subsection 3.

5 3 Sec. 2. NEW SECTION. 331.423A BASE AMOUNT CALCULATION
5 4 FOR FISCAL YEAR 2005=2006.

5 5 1. For purposes of computing the tentative maximum
5 6 property tax dollars under section 331.423, for the fiscal
5 7 year beginning July 1, 2005, the term "current fiscal year's
5 8 tentative maximum property tax dollars", as used in section
5 9 331.423, subsection 3, for general county services and rural
5 10 county services shall mean the base amount computed under
5 11 subsections 2 and 3, and adjusted by subsection 4.

5 12 2. a. The base amount for general county services shall
5 13 be an amount equal to one of the following:

5 14 (1) The sum, divided by three, of the amount of property
5 15 taxes levied for general county services and the amount of
5 16 property tax replacement dollars received, the amount of
5 17 revenues received under section 99F.11 that were specifically
5 18 designated for property tax relief, and the amount of local
5 19 sales and services tax revenues received as property tax
5 20 relief and deposited in the general fund, for the fiscal years
5 21 beginning July 1, 2000, July 1, 2001, and July 1, 2002, times
5 22 the annual price index computed for each of the three fiscal
5 23 years. The ending fund balance differential shall be
5 24 subtracted from this amount. The ending fund balance
5 25 differential for general county services is the increase in
5 26 the general fund's ending balance for the fiscal year
5 27 beginning July 1, 2002, over the general fund's ending balance
5 28 for the fiscal year beginning July 1, 1999, divided by three.

5 29 (2) The amount of property taxes levied for general county
5 30 services and the amount of property tax replacement dollars
5 31 received, the amount of revenues received under section 99F.11
5 32 that were specifically designated for property tax relief, and
5 33 the amount of local sales and services tax revenues received
5 34 as property tax relief and deposited in the general fund, for
5 35 the fiscal year beginning July 1, 2002, times the annual price
6 1 index computed for the fiscal year beginning July 1, 2002.
6 2 The ending fund balance differential shall be subtracted from
6 3 this amount. The ending fund balance differential for general
6 4 county services is the increase in the general fund's ending
6 5 balance for the fiscal year beginning July 1, 2002, over the
6 6 general fund's ending balance for the fiscal year beginning
6 7 July 1, 2001.

6 8 b. For purposes of paragraph "a", the amount of property
6 9 taxes levied for general county services shall include the
6 10 amounts levied for each fiscal year for general county
6 11 services pursuant to sections 331.422, subsection 1, 331.424,
6 12 and 331.426, Code 2003, and shall exclude the amount of
6 13 property tax dollars levied for the purposes described in
6 14 section 331.422, subsections 3 and 4, and section 331.425,
6 15 Code 2003, in each fiscal year.

6 16 For purposes of paragraph "a", the ending fund balance
6 17 differential shall not include the amount of general
6 18 obligation bond proceeds deposited in the general fund. If
6 19 the ending fund balance differential is zero or less, no
6 20 adjustment shall be made.

6 21 3. a. The base amount for rural county services shall be
6 22 an amount equal to one of the following:

6 23 (1) The sum, divided by three, of the amount of property
6 24 taxes levied for rural county services and the amount of
6 25 property tax replacement dollars received, the amount of
6 26 revenues received under section 99F.11 that were specifically
6 27 designated for property tax relief, and the amount of local
6 28 sales and services tax revenues received as property tax
6 29 relief and deposited in the rural services fund, for the
6 30 fiscal years beginning July 1, 2000, July 1, 2001, and July 1,
6 31 2002, times the annual price index computed for each of the
6 32 three fiscal years. The ending fund balance differential
6 33 shall be subtracted from this amount. The ending fund balance
6 34 differential for rural county services is the increase in the
6 35 rural services fund's ending balance for the fiscal year
7 1 beginning July 1, 2002, over the rural services fund's ending
7 2 balance for the fiscal year beginning July 1, 1999, divided by
7 3 three.

7 4 (2) The amount of property taxes levied for rural county
7 5 services and the amount of property tax replacement dollars
7 6 received, the amount of revenues received under section 99F.11

7 7 that were specifically designated for property tax relief, and
7 8 the amount of local sales and services tax revenues received
7 9 as property tax relief and deposited in the rural services
7 10 fund, for the fiscal year beginning July 1, 2002, times the
7 11 annual price index computed for the fiscal year beginning July
7 12 1, 2002. The ending fund balance differential shall be
7 13 subtracted from this amount. The ending fund balance
7 14 differential for rural county services is the increase in the
7 15 rural services fund's ending balance for the fiscal year
7 16 beginning July 1, 2002, over the rural services fund's ending
7 17 balance for the fiscal year beginning July 1, 2001.

7 18 b. For purposes of paragraph "a", the amount of property
7 19 taxes levied for rural county services shall include the
7 20 amounts levied for each fiscal year for rural county services
7 21 pursuant to sections 331.422, subsection 2, 331.424, and
7 22 331.426, Code 2003, and shall exclude the amount of property
7 23 tax dollars levied for the purposes described in section
7 24 331.422, subsections 3 and 4, and section 331.425, Code 2003,
7 25 in each fiscal year.

7 26 For purposes of paragraph "a", if the ending fund balance
7 27 differential is zero or less, no adjustment shall be made.

7 28 4. a. The amount computed in subsection 2 shall be
7 29 adjusted by multiplying it by the annual price index
7 30 calculated for the fiscal year beginning July 1, 2004, and
7 31 then adding the amount of net new valuation taxes calculated
7 32 for the fiscal year beginning July 1, 2004.

7 33 b. The amount computed in subsection 3 shall be adjusted
7 34 by multiplying it by the annual price index calculated for the
7 35 fiscal year beginning July 1, 2004, and then adding the amount
8 1 of net new valuation taxes calculated for the fiscal year
8 2 beginning July 1, 2004.

8 3 5. Each county shall certify to the department of
8 4 management the method of computation it has chosen under this
8 5 section for calculation of "current fiscal year's tentative
8 6 maximum property tax dollars" for the fiscal year beginning
8 7 July 1, 2005.

8 8 Sec. 3. NEW SECTION. 331.423B ENDING FUND BALANCE.

8 9 1. Budgeted ending fund balances on a cash basis for a
8 10 budget year in excess of twenty-five percent of budgeted
8 11 expenditures in either the general fund, county supplemental
8 12 fund, or rural services fund for that budget year shall be
8 13 explicitly reserved or designated for a specific purpose and
8 14 specifically described in the certified budget. The
8 15 description shall include the projected date that the balances
8 16 will be expended for the specific purpose. A county is
8 17 encouraged, but not required, to reduce budgeted, unreserved,
8 18 or undesignated ending fund balances for the budget year to an
8 19 amount equal to approximately twenty-five percent of budgeted
8 20 expenditures in the general fund, county supplemental fund,
8 21 and rural services fund for that budget year unless a decision
8 22 is certified by the state appeal board ordering a reduction in
8 23 the ending fund balance of any of those funds. In a protest
8 24 to the county budget under section 331.436, the county shall
8 25 have the burden of proving that the budgeted balances in
8 26 excess of twenty-five percent are reasonably likely to be
8 27 expended for the explicitly reserved or designated specific
8 28 purpose by the date identified in the certified budget. The
8 29 excess budgeted balance for the specific purpose shall be
8 30 considered an increase in an item in the budget for purposes
8 31 of section 24.28.

8 32 2. For a county that has, as of June 30, 2004, reduced its
8 33 actual ending fund balance to less than twenty-five percent of
8 34 actual expenditures on a cash basis, additional property taxes
8 35 may be computed and levied as provided in this subsection.

9 1 The additional property tax levy amount is an amount not to
9 2 exceed twenty-five percent of total actual expenditures from
9 3 the general fund and rural services fund for the fiscal year
9 4 beginning July 1, 2003, minus the combined ending fund
9 5 balances for those funds for that year. The amount of the
9 6 additional property taxes shall be divided between the general
9 7 fund and the rural services fund in proportion to the amount
9 8 of actual expenditures for general county services to total
9 9 actual expenditures for general and rural county services for
9 10 the fiscal year beginning July 1, 2003, and in proportion to
9 11 the amount of actual expenditures for rural county services to
9 12 total actual expenditures for general and rural county
9 13 services for the fiscal year beginning July 1, 2003. However,
9 14 the amount apportioned for general county services and for
9 15 rural county services shall not exceed for each fund twenty=
9 16 five percent of actual expenditures for the fiscal year
9 17 beginning July 1, 2003.

9 18 All or a portion of additional property tax dollars may be
9 19 levied for the purpose of increasing cash reserves for general
9 20 county services and rural county services in the budget year.
9 21 The additional property tax dollars authorized under this
9 22 subsection but not levied may be carried forward as unused
9 23 ending fund balance taxing authority until and for the fiscal
9 24 year beginning July 1, 2010. The amount carried forward, when
9 25 combined with unused taxing authority shall not exceed twenty=
9 26 five percent of the maximum amount of property tax dollars
9 27 available in the current fiscal year. Additionally, property
9 28 taxes that are levied as unused ending fund balance taxing
9 29 authority under this subsection may be the subject of a
9 30 protest under section 331.436 and the amount will be
9 31 considered an increase in an item in the budget for purposes
9 32 of section 24.28. The amount of additional property taxes
9 33 levied under this subsection shall not be included in the
9 34 computation of the maximum amount of property tax dollars
9 35 which may be certified and levied under section 331.423.

10 1 Sec. 4. NEW SECTION. 331.423C DEPARTMENT RULES AND
10 2 FORMS.

10 3 The department of management shall adopt rules to
10 4 administer sections 331.423, 331.423A, and 331.423B. The
10 5 department, in consultation with the county finance committee,
10 6 shall prescribe forms to be used by counties when making
10 7 calculations required by those sections.

10 8 Sec. 5. Section 331.424, Code 2003, is amended by striking
10 9 the section and inserting in lieu thereof the following:

10 10 331.424 AUTHORITY TO LEVY BEYOND MAXIMUM PROPERTY TAX
10 11 DOLLARS.

10 12 1. The board may certify additions to the maximum amount
10 13 of property tax dollars to be levied for a period of time not
10 14 to exceed two years if the proposition has been submitted at a
10 15 special election and received a favorable majority of the
10 16 votes cast on the proposition.

10 17 2. The special election is subject to the following:

10 18 a. The board must give at least thirty-two days' notice to
10 19 the county commissioner of elections that the special election
10 20 is to be held.

10 21 b. The special election shall be conducted by the county
10 22 commissioner of elections in accordance with law.

10 23 c. The proposition to be submitted shall be substantially
10 24 in the following form:

10 25 "Vote "yes" or "no" on the following question: Shall the
10 26 county of _____ levy for an additional \$_____ each year
10 27 for ___ years beginning July 1, _____, in excess of the
10 28 statutory limits otherwise applicable for the (general county
10 29 services or rural services) fund?"

10 30 d. The canvass shall be held beginning at one p.m. on the
10 31 second day which is not a holiday following the special
10 32 election.

10 33 e. Notice of the special election shall be published at
10 34 least once in a newspaper as specified in section 331.305
10 35 prior to the date of the special election. The notice shall
11 1 appear as early as practicable after the board has voted to
11 2 submit a proposition to the voters to levy additional property
11 3 tax dollars.

11 4 3. Registered voters in the county may vote on the
11 5 proposition to increase property taxes for the general fund in
11 6 excess of the statutory limit. Registered voters residing
11 7 outside the corporate limits of a city within the county may
11 8 vote on the proposition to increase property taxes for the
11 9 rural services fund in excess of the statutory limit.

11 10 4. The amount of additional property tax dollars certified
11 11 under this section shall not be included in the computation of
11 12 the maximum amount of property tax dollars which may be
11 13 certified and levied under section 331.423.

11 14 Sec. 6. Section 331.425, Code 2003, is amended by striking
11 15 the section and inserting in lieu thereof the following:

11 16 331.425 COUNTY SUPPLEMENTAL FUND.

11 17 1. The county supplemental fund is established for the
11 18 following purposes:

11 19 a. Accounting for pension and related employee benefits as
11 20 provided by the department of management.

11 21 b. Accounting for tort liability insurance, property
11 22 insurance, and any other insurance that may be necessary in
11 23 the operation of the county, costs of a self-insurance
11 24 program, costs of a local government risk pool, and amounts
11 25 payable under any insurance agreements to provide or procure
11 26 such insurance, self-insurance program, or local government
11 27 risk pool.

11 28 c. Accounting for gifts or grants received by the county

11 29 for a particular purpose.
11 30 d. Accounting for money and property received and handled
11 31 by the county as trustee or custodian or in the capacity of an
11 32 agent.

11 33 2. County revenues from taxes and other sources for the
11 34 purposes described in this section shall be credited to the
11 35 county supplemental fund.

12 1 Sec. 7. Section 331.429, subsection 1, Code 2003, is
12 2 amended by adding the following new paragraph:

12 3 NEW PARAGRAPH. f. Notwithstanding paragraphs "a" and "b",
12 4 transfers from the general fund or rural services fund in
12 5 accordance with this paragraph. The board may transfer
12 6 additional funds from the general fund or rural services fund
12 7 in excess of the amounts in paragraphs "a" and "b" if the
12 8 proposition has been submitted at a special election and
12 9 received a favorable majority of the votes cast on the
12 10 proposition. The board shall direct the county commissioner
12 11 of elections to submit the proposition at an election. The
12 12 board must give at least thirty-two days' notice to the county
12 13 commissioner of elections that the special election is to be
12 14 held. For a transfer from the general fund, registered voters
12 15 of the county may vote on the proposition. For a transfer
12 16 from the rural services fund, registered voters of the county
12 17 residing outside the corporate limits of a city within the
12 18 county may vote on the proposition. The proposition to be
12 19 submitted shall be substantially in the following form:

12 20 "Vote "yes" or "no" on the following question: Shall the
12 21 county of _____ transfer an additional \$_____ each year for
12 22 two years beginning July 1, _____, from the (general fund or
12 23 rural services fund) to the secondary road fund?"

12 24 Notice of the special election shall be published at least
12 25 once in a newspaper in the manner provided in section 331.305.
12 26 Notice of the special election shall appear as early as
12 27 practicable after the board has voted to submit a proposition
12 28 to the voters to transfer funds from the general fund or rural
12 29 services fund to the secondary road fund.

12 30 If a majority of the votes cast are in favor of the
12 31 proposition, the board shall certify the results of the
12 32 election to the department of management and transfer the
12 33 approved amount to the secondary road fund in the appropriate
12 34 fiscal year.

12 35 Sec. 8. Section 384.1, Code 2003, is amended by striking
13 1 the section and inserting in lieu thereof the following:

13 2 384.1 PROPERTY TAX DOLLARS == MAXIMUMS.

13 3 1. A city shall certify taxes to be levied by the county
13 4 on all taxable property within the city limits, for all city
13 5 government purposes. Annually, the city council may certify
13 6 basic levies for city government purposes, subject to the
13 7 limitation on property tax dollars provided in this section.

13 8 2. For purposes of this section:

13 9 a. "Annual price index" means the sum of one plus the
13 10 change, computed to four decimal places, between the
13 11 preliminary price index for the third quarter of the calendar
13 12 year preceding the calendar year in which the budget year
13 13 starts and the revised price index for the third quarter of
13 14 the previous calendar year as published in the same issue in
13 15 which such preliminary price index is first published. The
13 16 price index used shall be the state and local government
13 17 chain-type price index used in the quantity and price indexes
13 18 for gross domestic product as published by the United States
13 19 department of commerce. The annual price index shall not be
13 20 less than one and shall not exceed one and four hundredths.

13 21 b. "Boundary adjustment" means annexation, severance,
13 22 incorporation, or discontinuance as those terms are defined in
13 23 section 368.1.

13 24 c. "Budget year" is the fiscal year beginning during the
13 25 calendar year in which a budget is certified.

13 26 d. "Current fiscal year" is the fiscal year ending during
13 27 the calendar year in which a budget is certified.

13 28 e. "Local sales and services taxes" means local sales and
13 29 services taxes imposed under the authority of chapter 422B or
13 30 a successor chapter.

13 31 f. "Net new valuation taxes" means the amount of property
13 32 tax dollars equal to the budget year's tentative maximum
13 33 general rate for city government purposes times the increase
13 34 from the current fiscal year in taxable valuation due to the
13 35 following:

14 1 (1) Net new construction excluding all incremental
14 2 valuation that is released in any one year from an urban
14 3 renewal area for which taxes are being divided under section
14 4 403.19 if the property remains part of the urban renewal area.

14 5 (2) Additions or improvements to existing structures.
14 6 (3) Remodeling of existing structures for which a building
14 7 permit is required.
14 8 (4) Net boundary adjustment.
14 9 (5) A municipality no longer dividing tax revenues in an
14 10 urban renewal area as provided in section 403.19, to the
14 11 extent that the incremental valuation released is due to new
14 12 construction or revaluation on property newly constructed
14 13 after the division of revenue begins.
14 14 (6) That portion of taxable property located in an urban
14 15 revitalization area on which an exemption was allowed and such
14 16 exemption has expired.
14 17 g. "Property tax replacement dollars" means revenues
14 18 received under chapter 437A, subchapter II, revenues received
14 19 under section 99F.11 that are specifically designated by the
14 20 city for property tax relief in the current fiscal year, and
14 21 amounts appropriated by the general assembly for property tax
14 22 relief first enacted for fiscal years beginning on or after
14 23 July 1, 2004.
14 24 h. "Tentative maximum general rate" means the amount
14 25 calculated in subsection 3, paragraph "b", subparagraph (1),
14 26 divided by the net taxable valuation in the city. For
14 27 purposes of this paragraph, "net taxable valuation" is the
14 28 amount of taxable valuation in the city minus the amount of
14 29 taxable valuation in the city used to calculate net new
14 30 valuation taxes.
14 31 i. "Unused taxing authority" means the maximum amount of
14 32 property tax dollars calculated under subsection 3 for a
14 33 fiscal year minus the amount actually levied under this
14 34 section in that fiscal year. Unused taxing authority may be
14 35 carried forward to the following fiscal year. However, the
15 1 amount of unused taxing authority which may be carried forward
15 2 shall not exceed twenty-five percent of the maximum amount of
15 3 property tax dollars available in the current fiscal year as
15 4 determined under this section.
15 5 3. a. Effective for the fiscal year beginning July 1,
15 6 2005, the maximum amount of property tax dollars which may be
15 7 certified by a city for city government purposes shall be the
15 8 tentative maximum property tax dollars calculated under
15 9 paragraph "b", and adjusted by the amounts in paragraphs "c",
15 10 "d", and "e".
15 11 b. The tentative maximum property tax dollars for city
15 12 government purposes for a budget year is an amount equal to
15 13 the sum of the following:
15 14 (1) The annual price index times the difference between
15 15 the current fiscal year's tentative maximum property tax
15 16 dollars for city government purposes minus the unused taxing
15 17 authority carried forward from the fiscal year preceding the
15 18 current fiscal year.
15 19 (2) The amount of net new valuation taxes.
15 20 (3) The amount of unused taxing authority carried forward
15 21 from the current fiscal year.
15 22 c. Subtract the amount of property tax replacement dollars
15 23 to be received for the budget year that will be deposited in
15 24 the city general fund.
15 25 d. Subtract the amount of local sales and services taxes
15 26 for property tax relief estimated by the department of revenue
15 27 to be received for the budget year that will be deposited in
15 28 the city general fund.
15 29 e. Subtract the amount of local sales and services taxes
15 30 received for property tax relief in the fiscal year preceding
15 31 the current fiscal year for the city general fund, and add the
15 32 amount of local sales and services taxes that was budgeted for
15 33 property tax relief for the city general fund in that fiscal
15 34 year.
15 35 4. Property taxes certified for deposit in the debt
16 1 service fund in section 384.4, trust and agency funds in
16 2 section 384.6, capital improvements reserve fund in section
16 3 384.7, the emergency fund in section 384.8, any capital
16 4 projects fund established by the city for deposit of bond,
16 5 loan, or note proceeds, any temporary increase approved
16 6 pursuant to section 384.1D, property taxes collected from a
16 7 voted levy in section 384.12, and property taxes levied under
16 8 section 384.12, subsection 18, are not counted against the
16 9 maximum amount of property tax dollars that may be certified
16 10 for a budget year under subsection 3.
16 11 5. Notwithstanding the maximum amount of taxes a city may
16 12 certify for levy, the tax certified for levy by a city on
16 13 tracts of land and improvements on the tracts of land used and
16 14 assessed for agricultural or horticultural purposes shall not
16 15 exceed three dollars and three-eighths cents per thousand

16 16 dollars of assessed value in any year. Improvements located
16 17 on such tracts of land and not used for agricultural or
16 18 horticultural purposes and all residential dwellings are
16 19 subject to the same rate of tax certified for levy by the city
16 20 on all other taxable property within the city.

16 21 Sec. 9. NEW SECTION. 384.1A BASE AMOUNT CALCULATION FOR
16 22 FISCAL YEAR 2005=2006.

16 23 1. For purposes of computing the tentative maximum
16 24 property tax dollars under section 384.1, for the fiscal year
16 25 beginning July 1, 2005, the term "current fiscal year's
16 26 tentative maximum property tax dollars", as used in section
16 27 384.1, subsection 3, for city government purposes shall mean
16 28 the base amount computed under subsection 2, and adjusted by
16 29 subsection 3.

16 30 2. a. The base amount for city government purposes shall
16 31 be an amount equal to one of the following:

16 32 (1) The sum, divided by three, of the amount of property
16 33 taxes levied for city government purposes and the amount of
16 34 property tax replacement dollars received, the amount of
16 35 revenues received under section 99F.11 that were specifically
17 1 designated for property tax relief, and the amount of local
17 2 sales and services tax revenues received as property tax
17 3 relief and deposited in the general fund, for the fiscal years
17 4 beginning July 1, 2000, July 1, 2001, and July 1, 2002, times
17 5 the annual price index computed for each of the three fiscal
17 6 years. The ending fund balance differential shall be
17 7 subtracted from this amount. The ending fund balance
17 8 differential for city government purposes is the increase in
17 9 the city general fund's ending balance for the fiscal year
17 10 beginning July 1, 2002, over the city general fund's ending
17 11 balance for the fiscal year beginning July 1, 1999, divided by
17 12 three.

17 13 (2) The amount of property taxes levied for city
17 14 government purposes and the amount of property tax replacement
17 15 dollars received, the amount of revenues received under
17 16 section 99F.11 that were specifically designated for property
17 17 tax relief, and the amount of local sales and services tax
17 18 revenues received as property tax relief and deposited in the
17 19 general fund, for the fiscal year beginning July 1, 2002,
17 20 times the annual price index computed for the fiscal year
17 21 beginning July 1, 2002. The ending fund balance differential
17 22 shall be subtracted from this amount. The ending fund balance
17 23 differential for city government purposes is the increase in
17 24 the city general fund's ending balance for the fiscal year
17 25 beginning July 1, 2002, over the city general fund's ending
17 26 balance for the fiscal year beginning July 1, 2001.

17 27 b. For purposes of paragraph "a", the amount of property
17 28 taxes levied for city government purposes shall include the
17 29 amounts levied for each fiscal year for city government
17 30 purposes pursuant to section 384.1, Code 2003, and shall
17 31 exclude the amount of property tax dollars levied for the
17 32 purpose described in section 384.12, subsection 20, Code 2003.

17 33 For purposes of paragraph "a", the ending fund balance
17 34 differential shall not include the amount of general
17 35 obligation bond proceeds deposited in the city general fund.
18 1 If the ending fund balance differential is zero or less, no
18 2 adjustment shall be made.

18 3 3. The amount computed in subsection 2 shall be adjusted
18 4 by multiplying it by the annual price index calculated for the
18 5 fiscal year beginning July 1, 2004, and then adding the amount
18 6 of net new valuation taxes calculated for the fiscal year
18 7 beginning July 1, 2004.

18 8 4. Each city shall certify to the department of management
18 9 the method of computation it has chosen under this section for
18 10 calculation of "current fiscal year's tentative maximum
18 11 property tax dollars" for the fiscal year beginning July 1,
18 12 2005.

18 13 Sec. 10. NEW SECTION. 384.1B ENDING FUND BALANCE.

18 14 1. Budgeted ending fund balances on a cash basis for a
18 15 budget year in excess of twenty-five percent of budgeted
18 16 expenditures in the general fund for that budget year shall be
18 17 explicitly reserved or designated for a specific purpose and
18 18 specifically described in the certified budget. The
18 19 description shall include the projected date that the balances
18 20 will be expended for the specific purpose. A city is
18 21 encouraged, but not required, to reduce budgeted, unreserved,
18 22 or undesignated ending fund balances for the budget year to an
18 23 amount equal to approximately twenty-five percent of budgeted
18 24 expenditures in the general fund for that budget year unless a
18 25 decision is certified by the state appeal board ordering a
18 26 reduction in the ending fund balance of that fund. In a

18 27 protest to the city budget under section 384.19, the city
18 28 shall have the burden of proving that the budgeted balances in
18 29 excess of twenty-five percent are reasonably likely to be
18 30 expended for the explicitly reserved or designated specific
18 31 purpose by the date identified in the certified budget. The
18 32 excess budgeted balance for the specific purpose shall be
18 33 considered an increase in an item in the budget for purposes
18 34 of section 24.28.

18 35 2. For a city that has, as of June 30, 2004, reduced its
19 1 actual ending fund balance to less than twenty-five percent of
19 2 actual expenditures on a cash basis, additional property taxes
19 3 may be computed and levied as provided in this subsection.
19 4 The additional property tax levy amount is an amount not to
19 5 exceed twenty-five percent of total actual expenditures from
19 6 the general fund for the fiscal year beginning July 1, 2003,
19 7 minus the combined ending fund balance for that fund for that
19 8 year. However, the additional property tax levy amount shall
19 9 not exceed twenty-five percent of actual expenditures from the
19 10 general fund for the fiscal year beginning July 1, 2003.

19 11 All or a portion of additional property tax dollars may be
19 12 levied for the purpose of increasing cash reserves for city
19 13 government purposes in the budget year. The additional
19 14 property tax dollars authorized under this subsection but not
19 15 levied may be carried forward as unused ending fund balance
19 16 taxing authority until and for the fiscal year beginning July
19 17 1, 2010. The amount carried forward, when combined with
19 18 unused taxing authority shall not exceed twenty-five percent
19 19 of the maximum amount of property tax dollars available in the
19 20 current fiscal year. Additionally, property taxes that are
19 21 levied as unused ending fund balance taxing authority under
19 22 this subsection may be the subject of a protest under section
19 23 384.19 and the amount will be considered an increase in an
19 24 item in the budget for purposes of section 24.28. The amount
19 25 of additional property taxes levied under this subsection
19 26 shall not be included in the computation of the maximum amount
19 27 of property tax dollars which may be certified and levied
19 28 under section 384.1.

19 29 Sec. 11. NEW SECTION. 384.1C DEPARTMENT RULES AND FORMS.

19 30 The department of management shall adopt rules to
19 31 administer sections 384.1, 384.1A, and 384.1B. The
19 32 department, in consultation with the city finance committee,
19 33 shall prescribe forms to be used by cities when making
19 34 calculations required by those sections.

19 35 Sec. 12. NEW SECTION. 384.1D AUTHORITY TO LEVY BEYOND
20 1 MAXIMUM PROPERTY TAX DOLLARS.

20 2 1. The city council may certify additions to the maximum
20 3 amount of property tax dollars to be levied for a period of
20 4 time not to exceed two years if the proposition has been
20 5 submitted at a special election and received a favorable
20 6 majority of the votes cast on the proposition.

20 7 2. The special election is subject to the following:

20 8 a. The city council must give at least thirty-two days'
20 9 notice to the county commissioner of elections that the
20 10 special election is to be held.

20 11 b. The special election shall be conducted by the county
20 12 commissioner of elections in accordance with law.

20 13 c. The proposition to be submitted shall be substantially
20 14 in the following form:

20 15 "Vote "yes" or "no" on the following:

20 16 Shall the city of _____ levy for an additional \$ _____
20 17 each year for ___ years beginning next July 1, ____, in excess
20 18 of the statutory limits otherwise applicable for the city
20 19 general fund?"

20 20 d. The canvass shall be held beginning at one p.m. on the
20 21 second day which is not a holiday following the special
20 22 election.

20 23 e. Notice of the special election shall be published at
20 24 least once in a newspaper as specified in section 362.3 prior
20 25 to the date of the special election. The notice shall appear
20 26 as early as practicable after the city council has voted to
20 27 seek additional property tax dollars.

20 28 3. The amount of additional property tax dollars levied
20 29 under subsection 2 shall not be included in the computation of
20 30 the maximum amount of property tax dollars which may be
20 31 certified and levied under section 384.1.

20 32 Sec. 13. APPLICABILITY DATE. This division of this Act
20 33 applies to the fiscal year beginning July 1, 2005, and all
20 34 subsequent fiscal years.

20 35 DIVISION II

21 1 REPEAL

21 2 Sec. 14. 2003 Iowa Acts, First Extraordinary Session,

21 3 chapter 1, sections 1 through 43, are repealed.
21 4 Sec. 15. EFFECTIVE DATE. This division of this Act, being
21 5 deemed of immediate importance, takes effect upon enactment.

21 6 DIVISION III

21 7 CORRESPONDING AND CONFORMING AMENDMENTS

21 8 Sec. 16. Section 23A.2, subsection 10, paragraph h, Code
21 9 Supplement 2003, is amended to read as follows:

21 10 h. The performance of an activity listed in section
21 11 331.424, Code 2003, as a service for which a supplemental levy
21 12 ~~may was allowed to~~ be certified.

21 13 Sec. 17. Section 123.38, unnumbered paragraph 2, Code
21 14 2003, is amended to read as follows:

21 15 Any licensee or permittee, or the licensee's or permittee's
21 16 executor or administrator, or any person duly appointed by the
21 17 court to take charge of and administer the property or assets
21 18 of the licensee or permittee for the benefit of the licensee's
21 19 or permittee's creditors, may voluntarily surrender a license
21 20 or permit to the division. When a license or permit is
21 21 surrendered the division shall notify the local authority, and
21 22 the division or the local authority shall refund to the person
21 23 surrendering the license or permit, a proportionate amount of
21 24 the fee received by the division or the local authority for
21 25 the license or permit as follows: if a license or permit is
21 26 surrendered during the first three months of the period for
21 27 which it was issued, the refund shall be three-fourths of the
21 28 amount of the fee; if surrendered more than three months but
21 29 not more than six months after issuance, the refund shall be
21 30 one-half of the amount of the fee; if surrendered more than
21 31 six months but not more than nine months after issuance, the
21 32 refund shall be one-fourth of the amount of the fee. No
21 33 refund shall be made, however, for any special liquor permit,
21 34 nor for a liquor control license, wine permit, or beer permit
21 35 surrendered more than nine months after issuance. For
22 1 purposes of this paragraph, any portion of license or permit
22 2 fees used for the purposes authorized in section ~~331.424,~~

~~22 3 subsection 1, paragraphs "a" and "b", and in section 331.424A-~~
22 4 shall not be deemed received either by the division or by a
22 5 local authority. No refund shall be made to any licensee or
22 6 permittee, upon the surrender of the license or permit, if
22 7 there is at the time of surrender, a complaint filed with the
22 8 division or local authority, charging the licensee or
22 9 permittee with a violation of this chapter. If upon a hearing
22 10 on a complaint the license or permit is not revoked or
22 11 suspended, then the licensee or permittee is eligible, upon
22 12 surrender of the license or permit, to receive a refund as
22 13 provided in this section; but if the license or permit is
22 14 revoked or suspended upon hearing the licensee or permittee is
22 15 not eligible for the refund of any portion of the license or
22 16 permit fee.

22 17 Sec. 18. Section 218.99, Code 2003, is amended to read as
22 18 follows:

22 19 218.99 COUNTIES TO BE NOTIFIED OF PATIENTS' PERSONAL
22 20 ACCOUNTS.

22 21 The administrator in control of a state institution shall
22 22 direct the business manager of each institution under the
22 23 administrator's jurisdiction ~~which is mentioned in section~~
~~22 24 331.424, subsection 1, paragraphs "a" and "b", and for which~~
22 25 services are paid under section 331.424A, to quarterly inform
22 26 the county of legal settlement's entity designated to perform
22 27 the county's single entry point process of any patient or
22 28 resident who has an amount in excess of two hundred dollars on
22 29 account in the patients' personal deposit fund and the amount
22 30 on deposit. The administrators shall direct the business
22 31 manager to further notify the entity designated to perform the
22 32 county's single entry point process at least fifteen days
22 33 before the release of funds in excess of two hundred dollars
22 34 or upon the death of the patient or resident. If the patient
22 35 or resident has no county of legal settlement, notice shall be
23 1 made to the director of human services and the administrator
23 2 in control of the institution involved.

23 3 Sec. 19. Section 331.263, subsection 2, Code 2003, is
23 4 amended to read as follows:

23 5 2. The governing body of the community commonwealth shall
23 6 have the authority to levy county taxes and shall have the
23 7 authority to levy city taxes to the extent the city tax levy
23 8 authority is transferred by the charter to the community
23 9 commonwealth. A city participating in the community
23 10 commonwealth shall transfer a portion of the city's tax levy
23 11 authorized under section 384.1 or 384.12, whichever is
23 12 applicable, to the governing body of the community
23 13 commonwealth. The maximum ~~rates~~ amount of taxes authorized to

23 14 be levied under ~~sections~~ section 384.1 and the maximum rates
23 15 of taxes authorized to be levied under section 384.12 by a
23 16 city participating in the community commonwealth shall be
23 17 reduced by an amount equal to the rates of the same or similar
23 18 taxes levied in the city by the governing body of the
23 19 community commonwealth.

23 20 Sec. 20. Section 331.301, subsection 12, Code 2003, is
23 21 amended to read as follows:

23 22 12. The board of supervisors may credit funds to a reserve
23 23 for the purposes authorized by subsection 11 of this section+
~~23 24 section 331.424, subsection 1, paragraph "f";~~ and section
23 25 331.441, subsection 2, paragraph "b". Moneys credited to the
23 26 reserve, and interest earned on such moneys, shall remain in
23 27 the reserve until expended for purposes authorized by
23 28 subsection 11 of this section+~~section 331.424, subsection 1,~~
~~23 29 paragraph "f";~~ or section 331.441, subsection 2, paragraph
23 30 "b".

23 31 Sec. 21. Section 331.325, Code 2003, is amended to read as
23 32 follows:

23 33 331.325 CONTROL AND MAINTENANCE OF PIONEER CEMETERIES ==
23 34 CEMETERY COMMISSION.

23 35 1. As used in this section, "pioneer cemetery" means a
24 1 cemetery where there have been six or fewer burials in the
24 2 preceding fifty years.

24 3 2. Each county board of supervisors may adopt an ordinance
24 4 assuming jurisdiction and control of pioneer cemeteries in the
24 5 county. The board shall exercise the powers and duties of
24 6 township trustees relating to the maintenance and repair of
24 7 cemeteries in the county as provided in sections 359.28
24 8 through 359.41 except that the board shall not certify a tax
24 9 levy pursuant to section 359.30 or 359.33 and except that the
24 10 maintenance and repair of all cemeteries under the
24 11 jurisdiction of the county including pioneer cemeteries shall
24 12 be paid from the ~~county general cemetery~~ fund. The
24 13 maintenance and improvement program for a pioneer cemetery may
24 14 include restoration and management of native prairie grasses
24 15 and wildflowers.

24 16 3. In lieu of management of the cemeteries, the board of
24 17 supervisors may create, by ordinance, a cemetery commission to
24 18 assume jurisdiction and management of the pioneer cemeteries
24 19 in the county. The ordinance shall delineate the number of
24 20 commissioners, the appointing authority, the term of office,
24 21 officers, employees, organizational matters, rules of
24 22 procedure, compensation and expenses, and other matters deemed
24 23 pertinent by the board. The board may delegate any power and
24 24 duties relating to cemeteries which may otherwise be exercised
24 25 by township trustees pursuant to sections 359.28 through
24 26 359.41 to the cemetery commission except the commission shall
24 27 not certify a tax levy pursuant to section 359.30 or 359.33
24 28 and except that the expenses of the cemetery commission shall
24 29 be paid from the ~~county general cemetery~~ fund.

24 30 4. Notwithstanding sections 359.30 and 359.33, the costs
24 31 of management, repair, and maintenance of pioneer cemeteries
24 32 shall be paid from the ~~county general cemetery~~ fund.

24 33 Sec. 22. Section 331.421, subsections 1 and 10, Code 2003,
24 34 are amended by striking the subsections.

24 35 Sec. 23. Section 331.421, Code 2003, is amended by adding
25 1 the following new subsection:

25 2 NEW SUBSECTION. 7A. "Item" means a budgeted expenditure,
25 3 appropriation, or cash reserve from a fund for a service area,
25 4 program, program element, or purpose.

25 5 Sec. 24. Section 331.422, unnumbered paragraph 1, Code
25 6 2003, is amended to read as follows:

25 7 Subject to this section and sections 331.423 through
25 8 ~~331.426~~ 331.425 or as otherwise provided by state law, the
25 9 board of each county shall certify property taxes annually at
25 10 its March session to be levied for county purposes as follows:

25 11 Sec. 25. Section 331.422, Code 2003, is amended by adding
25 12 the following new subsection:

25 13 NEW SUBSECTION. 2A. Taxes in the amount necessary to meet
25 14 obligations under section 331.425, subsection 1, paragraphs
25 15 "a" and "b", shall be levied on all taxable property in the
25 16 county.

25 17 Sec. 26. Section 331.424A, subsection 4, Code Supplement
25 18 2003, is amended to read as follows:

25 19 4. For the fiscal year beginning July 1, 1996, and for
25 20 each subsequent fiscal year, the county shall certify a levy
25 21 for payment of services. For each fiscal year, county
25 22 revenues from taxes imposed by the county credited to the
25 23 services fund shall not exceed an amount equal to the amount
25 24 of base year expenditures for services as defined in section

25 25 331.438, less the amount of property tax relief to be received
25 26 pursuant to section 426B.2, in the fiscal year for which the
25 27 budget is certified. The county auditor and the board of
25 28 supervisors shall reduce the amount of the levy certified for
25 29 the services fund by the amount of property tax relief to be
25 30 received. A levy certified under this section is not subject
25 31 to ~~the appeal provisions of section 331.426 or to any other~~
25 32 ~~provision in law authorizing a county to exceed, increase, or~~
25 33 ~~appeal a property tax levy limit.~~

25 34 Sec. 27. Section 331.424B, Code 2003, is amended to read
25 35 as follows:

26 1 331.424B CEMETERY LEVY.

26 2 The board may levy annually a tax on all taxable property
26 3 in the county not to exceed six and three-fourths cents per
26 4 thousand dollars of the assessed value of all taxable property
26 5 in the county to repair and maintain all cemeteries under the
26 6 jurisdiction of the board including pioneer cemeteries and to
26 7 pay other expenses of the board or the cemetery commission as
26 8 provided in section 331.325. The proceeds of the tax levy
26 9 shall be credited to the county general cemetery fund.

26 10 Sec. 28. Section 331.427, subsection 3, paragraph 1, Code
26 11 Supplement 2003, is amended to read as follows:

26 12 1. Services listed in ~~section 331.424, subsection 1, and~~
26 13 ~~section 331.554.~~

26 14 Sec. 29. Section 331.428, subsection 2, paragraph d, Code
26 15 2003, is amended by striking the paragraph.

26 16 Sec. 30. Section 331.434, unnumbered paragraph 1, Code
26 17 2003, is amended to read as follows:

26 18 Annually, the board of each county, subject to sections
26 19 331.423 through ~~331.426~~ 331.425 and other applicable state
26 20 law, shall prepare and adopt a budget, certify taxes, and
26 21 provide appropriations as follows:

26 22 Sec. 31. Section 331.435, unnumbered paragraph 1, Code
26 23 2003, is amended to read as follows:

26 24 The board may amend the adopted county budget, subject to
26 25 sections 331.423 through ~~331.426~~ 331.425 and other applicable
26 26 state law, to permit increases in any class of proposed
26 27 expenditures contained in the budget summary published under
26 28 section 331.434, subsection 3.

26 29 Sec. 32. Section 357B.8, subsection 2, paragraph c, Code
26 30 2003, is amended to read as follows:

26 31 c. The benefited fire district shall certify the tax levy
26 32 as provided in this subsection only after agreement granted by
26 33 resolution of the city council. The amount of the tax rate
26 34 levied under this subsection shall reduce by an equal amount
26 35 the maximum tax levy amount of taxes authorized for ~~the~~
27 1 ~~general fund of that city levy~~ under section 384.1. If the
27 2 district levies directly against property within a city to
27 3 provide fire protection for that city, the city shall not be
27 4 responsible for providing fire protection as provided in
27 5 section 364.16, and shall have no liability for the method,
27 6 manner, or means in which the district provides the fire
27 7 protection.

27 8 Sec. 33. Section 373.10, Code 2003, is amended to read as
27 9 follows:

27 10 373.10 TAXING AUTHORITY.

27 11 The metropolitan council shall have the authority to levy
27 12 city taxes to the extent the city tax levy authority is
27 13 transferred by the charter to the metropolitan council. A
27 14 member city shall transfer a portion of the city's tax levy
27 15 authorized under section 384.1 or 384.12, whichever is
27 16 applicable, to the metropolitan council. The maximum ~~rates~~
27 17 amount of taxes authorized to be levied under ~~sections~~ section
27 18 384.1 and the maximum rates of taxes authorized to be levied
27 19 under section 384.12 by a member city shall be reduced by an
27 20 amount equal to the rates of the same or similar taxes levied
27 21 in the city by the metropolitan council.

27 22 Sec. 34. Section 386.8, Code 2003, is amended to read as
27 23 follows:

27 24 386.8 OPERATION TAX.

27 25 A city may establish a self-supported improvement district
27 26 operation fund, and may certify taxes not to exceed the rate
27 27 limitation as established in the ordinance creating the
27 28 district, or any amendment thereto, each year to be levied for
27 29 the fund against all of the property in the district, for the
27 30 purpose of paying the administrative expenses of the district,
27 31 which may include but are not limited to administrative
27 32 personnel salaries, a separate administrative office, planning
27 33 costs including consultation fees, engineering fees,
27 34 architectural fees, and legal fees and all other expenses
27 35 reasonably associated with the administration of the district

28 1 and the fulfilling of the purposes of the district. The taxes
28 2 levied for this fund may also be used for the purpose of
28 3 paying maintenance expenses of improvements or self=
28 4 liquidating improvements for a specified length of time with
28 5 one or more options to renew if such is clearly stated in the
28 6 petition which requests the council to authorize construction
28 7 of the improvement or self=liquidating improvement, whether or
28 8 not such petition is combined with the petition requesting
28 9 creation of a district. Parcels of property which are
28 10 assessed as residential property for property tax purposes are
28 11 exempt from the tax levied under this section except
28 12 residential properties within a duly designated historic
28 13 district. A tax levied under this section is not subject to
28 14 the maximum dollars levy limitation in section 384.1.

28 15 Sec. 35. Section 386.9, Code 2003, is amended to read as
28 16 follows:

28 17 386.9 CAPITAL IMPROVEMENT TAX.

28 18 A city may establish a capital improvement fund for a
28 19 district and may certify taxes, not to exceed the rate
28 20 established by the ordinance creating the district, or any
28 21 subsequent amendment thereto, each year to be levied for the
28 22 fund against all of the property in the district, for the
28 23 purpose of accumulating moneys for the financing or payment of
28 24 a part or all of the costs of any improvement or self=
28 25 liquidating improvement. However, parcels of property which
28 26 are assessed as residential property for property tax purposes
28 27 are exempt from the tax levied under this section except
28 28 residential properties within a duly designated historic
28 29 district. A tax levied under this section is not subject to
28 30 the maximum dollars ~~levy limitations~~ limitation in section
28 31 384.1 or the levy rate limitation in section 384.7.

28 32 Sec. 36. Section 331.426, Code 2003, is repealed.

28 33 Sec. 37. APPLICABILITY DATE. This division of this Act
28 34 applies to the fiscal year beginning July 1, 2005, and all
28 35 subsequent fiscal years.

29 1 DIVISION IV

29 2 STATE TAX IMPLEMENTATION COMMITTEE

29 3 Sec. 38. NEW SECTION. 8F.1 STATE TAX IMPLEMENTATION
29 4 COMMITTEE.

29 5 1. On or before July 1, 2004, the department of revenue,
29 6 in consultation with the department of management, shall
29 7 initiate and coordinate the establishment of a state tax
29 8 implementation committee. The department of revenue and the
29 9 department of management shall provide staffing assistance to
29 10 the committee.

29 11 2. The state tax implementation committee shall include
29 12 four members of the general assembly, one each appointed by
29 13 the majority leader of the senate, the speaker of the house of
29 14 representatives, the minority leader of the senate, and the
29 15 minority leader of the house of representatives. The
29 16 committee shall also include members appointed by the
29 17 department of revenue. One member shall be appointed to
29 18 represent each of the following:

- 29 19 a. The department of revenue.
- 29 20 b. The department of management.
- 29 21 c. Counties
- 29 22 d. Cities.
- 29 23 e. School districts.
- 29 24 f. County auditors.
- 29 25 g. Commercial property taxpayers.
- 29 26 h. Industrial property taxpayers.
- 29 27 i. Residential property taxpayers.
- 29 28 j. Agricultural property taxpayers.
- 29 29 k. Chapter 437A taxpayers.
- 29 30 l. An additional stateholder.

29 31 The department may consider participation on the committee
29 32 of former state officials with expertise in budget and tax
29 33 policy.

29 34 The chairpersons of the committee shall be those members of
29 35 the general assembly appointed by the majority leader of the
30 1 senate and the speaker of the house of representatives.

30 2 The members of the committee representing the department of
30 3 revenue and the department of management are nonvoting, ex
30 4 officio members.

30 5 3. Legislative members of the committee are eligible for
30 6 per diem and expenses as provided in section 2.10. Other
30 7 members may be eligible to receive compensation as provided in
30 8 section 7E.6. Any vacancy shall be filled in the same manner
30 9 as regular appointments are made.

30 10 4. The committee shall meet quarterly and at other times
30 11 as necessary at the call of the chairpersons. Written notice

30 12 of the time and place of each meeting shall be given to each
30 13 member of the committee.

30 14 Sec. 39. NEW SECTION. 8F.2 REVIEW OF STATE AND LOCAL
30 15 REVENUE AND SERVICES.

30 16 1. The committee shall conduct a review of the following:

30 17 a. Revenue sources available to local governments and
30 18 school districts, including taxes, fees, state appropriations,
30 19 and federal moneys.

30 20 b. Revenue sources available to the state, including
30 21 taxes, fees, and federal moneys, and the portion of state
30 22 revenues annually appropriated, or otherwise disbursed, to
30 23 local governments.

30 24 c. Exemptions, credits, deductions, exclusions, and other
30 25 reductions in state or local taxes made available, by state
30 26 statute or local ordinance, to state and local taxpayers.

30 27 d. Services provided by local governments, including those
30 28 provided at the discretion of a local government and those
30 29 mandated by federal or state statutes and regulations.

30 30 In conducting its review of revenue sources, the committee
30 31 shall study state and local taxes from the standpoint of
30 32 equity, neutrality, competitiveness, simplicity, and
30 33 stability.

30 34 2. The committee shall monitor implementation of sections
30 35 331.423, 331.423A, 331.423B, 384.1, 384.1A, and 384.1B, as
31 1 amended or enacted by this Act.

31 2 3. The committee may hold public hearings to allow persons
31 3 and organizations to be heard.

31 4 4. The committee shall submit an annual report to the
31 5 general assembly no later than January 15 of each year. The
31 6 report shall summarize the committee's activities to date and
31 7 may include such other information that the committee deems
31 8 relevant and necessary.

31 9 Sec. 40. NEW SECTION. 8F.3 INFORMATION.

31 10 The committee may request from any state agency or official
31 11 the information and assistance as needed to perform the review
31 12 and monitoring required in section 8F.2. A state agency or
31 13 official shall furnish the information or assistance requested
31 14 within the authority and resources of the state agency or
31 15 official. This section does not allow the examination or
31 16 copying of any public record required by law to be kept
31 17 confidential.

31 18 Sec. 41. NEW SECTION. 8F.4 FUTURE REPEAL.

31 19 This chapter is repealed effective July 1, 2008.

31 20 Sec. 42. EFFECTIVE DATE. This division of this Act, being
31 21 deemed of immediate importance, takes effect upon enactment.

31 22 EXPLANATION

31 23 This bill relates to the limitation on property taxes for
31 24 counties and cities by removing the property tax rate
31 25 limitations on counties and cities and substituting a
31 26 limitation on property tax dollars, and by creating a state
31 27 tax implementation committee.

31 28 Division I of the bill removes the property tax rate
31 29 limitations on counties and cities and substitutes a
31 30 limitation on the maximum amount of property tax dollars that
31 31 may be certified by a county.

31 32 The division requires each county and city to compute a
31 33 maximum property tax dollars base based on averages of three
31 34 fiscal years' worth of tax askings by the county multiplied by
31 35 a cumulative growth factor, i.e., price index, applied to the
32 1 average. An adjustment is made for ending fund balance
32 2 differentials between three specified fiscal years. In the
32 3 alternative, a county or city may compute the maximum property
32 4 tax dollars base on taxes levied for the fiscal year beginning
32 5 July 1, 2002, with inflation for that year applied and
32 6 adjusted by an ending fund balance differential for FY 2002=
32 7 2003 and FY 2001=2002.

32 8 The division provides that the base amount calculation
32 9 shall be the tentative maximum property tax base for the
32 10 fiscal year beginning July 1, 2005, as adjusted by the growth
32 11 factor. Each year, property tax replacement dollars to be
32 12 received and local sales and services taxes to be received are
32 13 subtracted from the amount of property taxes for the fiscal
32 14 year to reach the maximum amount of property taxes authorized
32 15 to be levied for the fiscal year. "Property tax replacement
32 16 dollars" is defined to mean revenues received from the utility
32 17 delivery, generation, and transmission taxes; revenues
32 18 received from gambling if specifically designated by the
32 19 county or city for property tax relief; and amounts
32 20 appropriated by the general assembly as property tax relief.

32 21 The division provides that a county or city that has not
32 22 levied at its maximum for a year may carry forward the unused

32 23 taxing authority from year to year in an amount not to exceed
32 24 25 percent of the maximum dollars available for the year. The
32 25 division also provides that taxes from new valuation be added
32 26 in separately to the formula.

32 27 The division provides that the ending fund balance for the
32 28 county general and rural funds and the city general fund shall
32 29 not exceed 25 percent of the budget for the fiscal year unless
32 30 the excess is reserved or designated for a specific purpose.

32 31 Through fiscal year 2010=2011, counties and cities may levy
32 32 unused ending fund balance taxing authority based on the
32 33 amount of the ending fund balance for fiscal year 2003=2004.

32 34 The division allows a county or city to exceed its maximum
32 35 tax authority for up to two years at a time if approved by the
33 1 voters at a special election. The division also allows the
33 2 secondary road fund levy limits for counties to be exceeded if
33 3 approved by the voters at a special election.

33 4 Division II of the bill repeals the sections of House File
33 5 692 from the 2003 Extraordinary Session of the General
33 6 Assembly that created the square footage tax. The division
33 7 takes effect upon enactment.

33 8 Division III of the bill contains corresponding and
33 9 conforming amendments. The division repeals the supplemental
33 10 levy for counties and the sections of the Code that currently
33 11 allow counties to exceed their levy rate limitations. The
33 12 division gives counties authority to establish a cemetery fund
33 13 and to establish supplemental funds for employee benefits,
33 14 tort liability, and other specified accounting purposes.

33 15 Division IV of the bill creates a state tax implementation
33 16 committee. The members of the committee include members of
33 17 the general assembly, representatives of the department of
33 18 revenue and the department of management, and representatives
33 19 of various local governments and taxpayers.

33 20 The division requires the committee to conduct a review of
33 21 state and local taxation in Iowa and to monitor implementation
33 22 of this bill. The committee is to report annually to the
33 23 general assembly by January 15 of each year.

33 24 The committee is abolished July 1, 2008.

33 25 Division IV takes effect upon enactment.

33 26 Divisions I and III of the bill apply to the fiscal year
33 27 beginning July 1, 2005, and all subsequent fiscal years.

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